



NORTH CAROLINA APPRAISAL BOARD

APPRAISER REPORT

Volume 14

March 2004

Number 1

Wright Appointed to Appraisal Board



Larry N. Wright

being located in Candler, just outside of

Governor Michael F. Easley has appointed Larry N. Wright to the Appraisal Board for a term until June 30, 2006. Mr. Wright is from western North Carolina with his home and office

Asheville. He is a native of Alamance County and graduated from Appalachian State University. Mr. Wright has been a real estate appraiser for over thirty years with experience appraising all types of property. He was employed by the North Carolina Department of Transportation for over thirty years until his retirement in 2000. Mr. Wright is very involved with the Appraisal Institute and holds the prestigious designation of SRA. He has served as president and held

other offices in the State and local chapters. He is also very active in the International Right of Way Association where he served as North and South Carolina Chapter President, Chairman of the southeast region and on international committees. Mr. Wright currently operates Wright Land Services, which contracts various appraisal services in Central and Western North Carolina. Mr. Wright is married to Linda Wade Wright and they enjoy travel and snow skiing. □

Staff Update



Matthew W. Green

The Appraisal Board has promoted Matthew Green from Investigator to the position of Deputy Director of Investigations. Mr. Green was employed in May 1998 as an Investigator and has over 14 years of appraisal experience. Mr. Green graduated from the University of North Carolina at Wilmington with a Bachelor's of Science Degree in Finance; is a State-Certified General Real Estate Appraiser; North Carolina Licensed Real Estate Broker; and an Associate Member with the Association of Certified Fraud Examiners.

Mr. Green is a native of Sampson County. He is married to Daphne Pridgen and they have one daughter Alexandra Cristina. □



Donald T. Rodgers

The North Carolina Appraisal Board has promoted Donald Rodgers to the position of Deputy Director of Education. Mr. Rodgers was employed in October 2000 as an Investigator and has over 12 years of appraisal experience. Mr. Rodgers graduated from North Carolina State University with a Bachelor of Science Degree in Textile Management and a Master of Science Degree in Business Management; he is a State-Certified General Real Estate Appraiser, an Associate Member of the Appraisal Institute, and an Associate Member with the Association of Certified Fraud Examiners.

Mr. Rodgers is a native of Rutherford County, and currently resides in Apex, NC. □



Lynn White

The Appraisal Board has employed Lynn White who is originally from Bethel, NC as Appraiser Secretary. In 1990, she moved to Greenville, NC where she attended East Carolina University and received a Bachelor of Science degree in exercise and sports science. Upon completion of her BS degree, she enrolled in Pitt Community College and obtained an associate degree in computer programming.

She has worked in several office settings utilizing her clerical and computer skills. Most recently she worked in the insurance field before accepting the secretarial position with the Appraisal Board. Ms. White resides in Raleigh and enjoys socializing with family and friends plus spending time with her pets. □

APPRAISERREPORT

Published as a service to appraisers to promote a better understanding of the Law, Rules and Regulations, and proficiency in ethical appraisal practice. The articles published herein shall not be reprinted or reproduced in any other publication, without specific reference being made to their original publication in the **North Carolina Appraisal Board Appraisereport.**

NORTH CAROLINA APPRAISAL BOARD

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Raleigh, North Carolina 27619-0500

Street Address:

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Raleigh, North Carolina 27609
Phone: 919/420-7920
Fax: 919/420-7925

Website:

www.ncappraisalboard.org

Email Address:

ncab@ncab.org

Michael F. Easley, Governor

APPRAISAL BOARD MEMBERS

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Matthew W. Green, *Deputy Director*
Donald T. Rodgers, *Deputy Director*
Kim N. Giannattasio, *Administrative Assistant*
Lynn White, *Appraiser Secretary*
Paula Ford, *Appraiser Clerk*

APPRAISER COUNT

(As of March 5, 2003)

Trainees	1250
Licensed Residential	344
Certified Residential	1750
Certified General	907
Total Number	4251

APPRAISER EXAMINATION RESULTS

October, November, December 2003,
January, February 2004

Examination	Total	Passed	Failed
Trainee	221	163	58
Licensed Residential	37	33	4
Certified Residential	41	19	22
Certified General	11	9	2

Examinations are administered by a national testing service. For information, please contact the North Carolina Appraisal Board in writing at P.O. Box 20500, Raleigh, NC 27619-0500.

Property Flipping Defined

The phrase "property flipping" or "a flip" is commonly used to describe the transfer of property where fraud is used to obtain inflated prices and loans.

It is important to note that "property flipping" is distinctly different from the usual activity of buying and selling property at a profit. The market for real estate is imperfect. Knowledgeable and honest parties seek opportunities to acquire a given property at a favorable price with the objective of reselling that property at a profit. Such activity does not constitute flipping as there is no intent to mislead or defraud.

USPAP does not describe property flipping itself, but it does prohibit appraisers from communicating assignment results in a fraudulent or misleading manner. The ETHICS RULE is explicit about any kind of activity designed to mislead or defraud—as specified in the Conduct section of the ETHICS RULE:

An appraiser must perform assignments ethically and competently, in accordance with USPAP and any supplemental standards agreed to by the appraiser in accepting the assignment. An appraiser must not engage in criminal conduct.

An appraiser must not communicate assignment results in a misleading or fraudulent manner. An appraiser must not use or communicate a misleading or fraudulent report or knowingly permit an employee or other person to communicate a misleading or fraudulent report.

Source: 2004 by The Appraisal Foundation

Required Contents of a Workfile

An appraiser must prepare a workfile for each appraisal, appraisal review, or appraisal consulting assignment. The Record Keeping section of the ETHICS RULE states:

The workfile must include:

- *the name of the client and the identity, by name or type, of any other intended users;*
- *true copies of any written reports, documented on any type of media;*
- *summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and*
- *all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with this Rule and all other applicable Standards, or references to the location(s) of such other documentation.*

The appraiser's assignment workfile serves several purposes. As in many other professions, the discipline of enforcement by public agencies and peer review, together with one's self-discipline and dedication of effort, serves to ensure performance of assignments in compliance with professional standards. In addition to facilitating enforcement, a workfile aids the appraiser in handling questions from the client or an intended user subsequent to the date of the report.

An appraiser's assignment workfile preserves evidence of the appraiser's compliance with USPAP and other information as may be required to support the appraiser's opinions, conclusions, and, in the case of an appraisal consulting assignment, recommendations.

Source: 2004 by The Appraisal Foundation

May Board Meeting Winston-Salem

The North Carolina Appraisal Board will hold the May meeting in Winston-Salem.

Dates: May 19-20, 2004 (9:00 am)
Location: Courtyard by Marriott at Hanes Mall
1600 Westbrook Plaza Drive
Winston-Salem, North Carolina

You are invited to attend and observe a Board meeting. You will have the opportunity to meet the Board members and staff.

North Carolina Appraisal Board Fee Schedule 2003-2004

Application Fee	\$150
Temporary Permit	\$150
License History	\$10
Equivalent Continuing Education	\$50
Original Continuing Education Course	\$100
Annual Renewal Fee for Licensees	\$200
Late Filing Fee (monthly)	\$5
Original Equivalent Qualifying Trade	\$300
Renewal Fee—Trade Organization	\$50
Preclicensing Private School	\$40
Renewal Fee—Private Schools	\$20
Renewal Fee—CE Course	\$50
Reinstatement	\$150
Returned Check Fee	\$20
National Registry	\$45
Licensee Roster	\$10
Licensee Roster by County	\$5
Duplicate Certificates, pocketcards	\$5
Instructor Training Video	\$150

Fees are waived for Community Colleges, State and Federal Agencies

Approved Continuing Education Courses

(As of March 17, 2004)

Listed below are the courses approved for appraiser continuing education credit as of date shown above. Course sponsors are listed alphabetically with their approved courses. Shown parenthetically beside each course title are sets of numbers [for example: (15/10)]. The first number indicates the number of actual classroom hours and the second number indicates the number of approved continuing education credit hours. You must contact the course sponsor at the address or telephone number provided to obtain information regarding course schedules and location.

A JOSH TUNNELL JR

P.O. Box 554
Elizabeth City, NC 27907-0554 (252)335-5219

National USPAP Update (7/7)
Working with Underwriters (7/7)

ALAMANCE COMMUNITY COLLEGE

P.O. Box 8000
Graham, NC 27253 (336)578-2002

Appraising Small Residential Income Properties (10/10)
Intro to Commercial Real Estate (4/4)
New Exstg Residential Codes Affecting RE Appr (10/10)
Real Estate Finance (4/4)

ALLEN TATE SCHOOL OF REAL ESTATE - A DAN MOHR SCHOOL

6632 Fairview Road
Charlotte NC 28210 (704)362-2296

Mfg/Mod Homes & Real Property (7/7)
National USPAP Update (7/7)
New Rules & Regs FHA/HUD (14/14)
Residential Construction Seminar (14/14)

ALLSTATE HOME INSPECTION TRAINING INSTITUTE

Route 1, Box 130
Randolph Center, VT 05061 (800)245-9932

Environmental Awareness Seminar (8/8)
FHA Test Preparation (8/8)
Introduction to Home Inspection (8/8)
USPAP Refresher (8/8)

AMERICAN SCHOOL OF REAL ESTATE APPRAISERS

P.O. Box 275
Cherryville, NC 28021 (704)435-1111

National USPAP Update (15/15)

AM SOC FARM MANGRS & RURAL APPRAISERS

950 S. Cherry Street, Suite 508
Denver, CO 80222 (303)758-3513

A-12 Part 1 ASFMRA Code of Ethics (7/7)
Eminent Domain A-25 (19/19)
Advanced Appraisal Review A-35 (49/30)
Advanced Resource Appraisal A-34 (30/30)
Appraising Agricultural Land in Transition (8/8)
Appraising Broiler Grower Far (16/16)
Appraising Rural Residential Properties (15/15)
ASFMRA 74th Annual Convention (7.25/7.25)
Current Environmental Issues (8/8)
Eminent Domain (19/19)
Highest & Best Use A-29 (15/15)
Mineral Appraisal Symposium (14/14)
National USPAP Update (7/7)
Rural Business Valuation (16/16)
Y11 w Bk - Uniform Appr Stds Fed land Ac (8/8)

AM SOCIETY OF APPRAISERS

535 Herndon Parkway, Suite 125
Herndon, VA 20170 (703)733-2123

A Perspective on the Profession, Pro Standards, Emerging Markets & Market Opportunities (3.5/3.5)
Eminent Domain Appraisal Problems (3.5/3.5)
Faulty Appraisals, An Object Lesson (3.5/3.5)
Appraiser Opportunities and Challenges in the Secondary Market (3.5/3.5)

AM SOCIETY OF APPRAISERS NC CHAPTER

125 Kingston Drive #206
Chapel Hill, NC 27514 (919)929-9539

National USPAP Update (7/7)
The Appraisal of Small Subdivisions (7/7)
Using Marshall & Swift/Res Prop (7/7)

APPRAISAL INSTITUTE

550 W. Van Buren Street, Suite 1000
Chicago, IL 60607 (312)335-4236

320 General Applications (39/30)
Apartment Appr: Cncpts & (14/14)
400 National USPAP Update (7/7)
410 National USPAP (15/16)
420 Business Practice and Ethic (7/7)
500 Adv Res Form & Narrative (40/30)
520 High & Best Use & Mkt Anal (40/30)
530 Adv Sales Comp & Cost Appr (40/30)
600 Inc Val of Sm Mixed-Use Prop (15/15)
610 Cst Val of Sm Mixed-Use Prop (15/15)
620 Sls Comp Val Sm Mixed-Use (15/15)
700 Appraisers as Expert Witness (15/15)
705 Litigation Appr: Splcdz Topics & (16/16)
710 Condemnation Appr: Basic Prin & (15/15)
720 Condemnation Appr: Adv Topics & (15/15)
800 Separating Real & Personal (15/15)
810 Computer-Enhanced Cash F (15/15)
Analyzing Commercial Lease c (7/7)
Appr Consulting: A Solutions Appr (7/7)
Appraising Manufactured Housing (7/7)
Appraising the Tough Ones (7/7)
Avoiding Liability as a Residential Appraiser (7/7)
Energy Prfrmcn & Commc Prpr (7/7)
Gen Demo Appr Rpt Writing Sem (7/7)
Intro to Income Capitalization (7/7)
Mathematically Modeling Real Est (7/7)
O/L 320: General Applications (7/7)
O/L Analyzing Distressed RE (4/4)
O/L Analyzing Operating Expen (7/7)
O/L Appraisal of Nursing Facilities (7/7)
O/L Appraising from Blueprints (7/7)
O/L Appraising Mfg Housing (7/7)
O/L Feasibility, Mkt Value, Investment (7/7)
O/L Internet Search Strategies for R (7/7)
O/L Intro to GIS Apps for RE App (7/7)
O/L Overview of RE Appr Princip (7/7)
O/L Res Design & Functional Uti (7/7)
O/L Res Property Construction & In (7/7)
O/L Sm Hotel/Motel Val: Lmtd S (7/7)
O/L The FHA and the Appr Proce (7/7)
O/L Using Your HP12C Financial (7/7)
O/L Val of Detrimental Conditions (7/7)
Rd Less Traveled: Spl Purpose Pr (7/7)
Res Demo Appr Report Writing S (7/7)
Scope of Work: Expanding Range (7/7)

APPRAISAL INSTITUTE, NC CHAPTER

2306 W. Meadowview Road, Suite 101
Greensboro, NC 27407 (336)297-9511

400 National USPAP Update (7/7)
420 Business Practices & Ethics (7/7)
710 Condemnation Appraising (15/15)
Analyzing Distressed Real Estate (4/4)
Effective Appraisal Writing (7/7)
Land Valuation Adjustment Proc (7/7)
Supporting Capitalization Rate (7/7)

APPRAISAL INSTITUTE, SC CHAPTER

609 Sims Avenue
Columbia, SC 29205 (803)256-1985

Land Val Adjustment Procedure (7/7)
Land Valuation Assignments (7/7)

APPRAISAL INSTITUTE, REGION V

P.O. Box 801807
Dallas, TX 75380-1807
Analyzing Distressed Real Estate (4/4)

APPRAISAL.COM

334 Harris Hill Road
Buffalo, NY 14221 (716)633-2428

NOVA for Appraisers (7/7)

ASHEVILLE-BUNCOMBE TECH CC

340 Victoria Road
Asheville, NC 28801 (828)254-1921

PDH RE - Basic Surveying (5/5)
The UDO: Regulating RE Use & Dev (4/4)
USPAP 2001 (15/15)

BILL GALLAGHER SCHOOL OF REAL ESTATE

380 Knollwood Street, Suite 420
Winston-Salem, NC 28103 (888)778-1245

Intro to Residential RE Investment (7/7)
The Appraiser As An Expert Witness (7/7)

BOB IPOCK & ASSOCIATES, INC.

1218 Heatherloch
Gastonia, NC 28054 (704)807-1985

National USPAP Update (8/8)

BRUNSWICK COMMUNITY COLLEGE

P.O. Box 30
Supply, NC 28462 (910)754-6900
Appraisal 2004 (7/7)
I've Got This House (7/7)
Manufactured Homes (7/7)
National USPAP Update (7/7)

CARTERET COMMUNITY COLLEGE

3505 Arendell Street
Morehead City, NC 28557 (252)222-6127

Mold Inspection & Remediation (4/4)

CCIM INSTITUTE

430 N Michigan Avenue, 8th Floor
Chicago, IL 60611-4092 (312)321-4473

C1101 Fin Analysis Comm Invest (30/30)
C1102 Market Analysis Comm In (30/30)
C1103 User Decision Analysis Comm (30/30)
C1104 Invest Analysis Comm Inv (30/30)
Introduction to Com Investment RE An (12/12)

CLARK REALTY SEMINARS

P.O. Box 61083
Virginia Beach, VA 23462 (888)316-7182

National USPAP Update (7/7)
Re Environmental Concerns (7/7)

CLE INTERNATIONAL

1620 Gaylord Street
Denver, CO 80206 (303)377-6600

Eminent Domain (13/13)

DAN MOHR RE SCHOOLS

1400 Battleground Avenue, Suite 150
Greensboro, NC 27408 (800)639-9813

Depreciation Workshop (7/7)
Environmental Hazards-Residential Prop (7/7)
Extraction of Data from Market Res (7/7)
HP 12C Course (7/7)
Intro to Residential Construction (30/30)
Mfg/Modular Homes & Real Property Appr Review (7/7)
National USPAP Update (7/7)
Res Appr & Conventional Underwriting Guide (7/7)
Residential Construction Seminar (7/7)
Residential Construction Seminar (14/14)
Rules & Regs FHA/HUD Requirements (14/14)
The Narrative Appraisal Report (7/7)
Using Streamlined Appraisal Report Forms (7/7)

DUKE UNIVERSITY

A108B LSRC/Box 90328
Durham, NC 27708 (919)684-2135

What's it Worth - Forest Appraisal (36/30)

EDGECOMBE CC

225 Tarboro Street
Rocky Mount, NC 27801 (252)613-8082

Appraising Manufactured, Modular & Mobile (A) (7/7)
Appraising Manufactured, Modular & Mobile (B) (7/7)
Cost Appr Marshall & Swift Res & Co (7/7)
Income Capitalization (14/14)
Income Capitalization (A) (7/7)
Income Capitalization (B) (7/7)
Manufactured, Modular & Mobile (4/4)
Narrative Appraisal Report Writing (14/14)
Pricing Small Income Properties (4/4)
Principles & Techniques Val 2-4 Units Res Prop (14/14)
Real Estate Finance for Appraisers (14/14)
Rural Valuation Seminar (14/14)
Single Family Residential Appraisal (14/14)
Standards of Professional Practice (15/15)
USPAP & NC Board Rules & Regs Fo (15/15)

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Approved Continuing Education Courses

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ELLIOTT & COMPANY APPRAISERS
3316-A Battleground Avenue
Greensboro, NC 27410 (336)854-3075

Standards and Beyond (14/14)

EMPLOYEE RELOCATION COUNCIL

1717 Pennsylvania Avenue NW #800
Washington, DC 20006-4665 (202)862-4236

Relocation Appr Training Prog (6/6)

ENVIROSAFETY GROUP, INC.

3764 Candler Mountain Road
Lynchburg, VA 24502 (434)846-4960

Mold Inspection & Remediation (4/4)

ERICK LITTLE & COMPANY

P.O. Box 4267
Cary, NC 27519 (919)460-8823

NC Rules & Appr Guidelines For (14/14)

FOUNDATION OF RE APPRAISERS

2140 W. Chapman Avenue #107
Orange, CA 92868 (714)935-1161

National USPAP Update (7/7)

FREDDIE F STELL APPRAISAL SCHOOL

2121 Guess Road
Durham, NC 27705 (919)416-1117

Measuring Homes & Appraising (7/7)

HIGNITE TRAINING SERVICE

208 Gloria Street
Greenville, NC 27858 (252)756-7288

The Review and The Reviewer (7/7)

National USPAP Update (7/7)

HISTORIC PRESERVATION CONSULTING

22 Pan Will Road
Mineral Bluff, GA 30559 (706)492-7234

Marketing & Appraising Historic Property (14/14)

INSTITUTE OF GOVERNMENT

223 Knapp Building, CB#3330
Chapel Hill, NC 27599-3330 (919)966-4372

Appraisal of Land (30/30)

Fundamentals of Assessment Ratio Studies (16/16)

Fundamentals of Mass Appraisals (30/30)

IAAO 101: Fundamentals of Real Prop (30/30)

IAAO 102: Inc Approach to Valuation (30/30)

Marshall & Swift - Commercial (13/13)

Principles & Techniques of Cadestral Mapping (30/30)

Residential Modeling Concepts (30/30)

INTERNATIONAL RIGHT OF WAY ASSOCIATION

19750 S. Vermont Avenue, Suite 220
Torrance, CA 90502-1144 (213)538-0233

103 Ethics & Right of Way Profession (8/8)

402 Introduction to Income Approach to Valuation (8/8)

403 Easement Valuation (8/8)

801 Land Titles (10/10)

INTERNATIONAL RIGHT OF WAY ASSOCIATION, CHAPTER 31

563 Red Maple Drive
Waynesville, NC 28785 (828)734-3987

Easement Valuation (8/8)

JOHNSTON CC

P.O. Box 2350
Smithfield, NC 27577 (919)934-3051

Appraisal 2003 (7/7)

Appraisal 2004 (7/7)

I've Got This House (7/7)

Manufactured Homes (7/7)

National USPAP Update (7/7)

LENOIR CC

P.O. Box 188
Kinston, NC 28502-9946 (252)527-6223

Appraising Manufactured, Modular, & Mobile (A) (7/7)

Appraising Manufactured, Modular, & Mobile (B) (7/7)

Challenging the Appraisal (4/4)

Cost Approach Marshall & Swift (7/7)

Income Capitalization (A) (7/7)

Income Capitalization (B) (7/7)

Manufactured, Modular & Mobile (4/4)

Maximizing Value (4/4)

National USPAP Update (7/7)

NC Rules & Regulation Update (7/7)

Pricing Complex Properties (4/4)

Pricing Small Income Properties (4/4)

Principles/Techniques Val 24 Unit Residential (14/14)

USPAP & NC Rules & Regulations for App (15/15)

M CURTIS WEST

P.O. Box 947
Zebulon, NC 27597 (919)217-8040
USPAP 2002/2003 (7/7)

MCKISSOCK DATA SYSTEMS

P.O. Box 1673
Warren, PA 26365 (814)723-6979

Appr for the Secondary Market (7/7)

O/L Appr for the Secondary Market (7/7)

Appraisal Review (7/7)

Appraiser Liability (7/7)

Appraising the Oddball (7/7)

Does My Report Comply with USPAP? (7/7)

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Lmtd Apprs & the Scope of Wd D (7/7)

National USPAP Update (7/7)

National USPAP (15/15)

National USPAP Update (7/7)

O/L Appraiser Liability (7/7)

O/L Construction Details & Trends (7/7)

O/L Factory-Built Housing (7/7)

RE Damages: Assessment & Testi (7/7)

Real Estate Fraud & Appraiser's Role (7/7)

Residential Construction (7/7)

The Appraiser as Expert Witness (7/7)

Vacant Land Appraisal (7/7)

MEL BLACK

P.O. Box 705
Cherryville, NC 28021 (704)435-0753

Trainees & Supervisors (7/7)

Board Rules and Laws (7/7)

MOULTRIE B WATTS

P.O. Box 447
Cary, NC 27512 (919)851-2100

Appraisal 2004 (7/7)

Manufactured Homes (7/7)

National USPAP Update (7/7)

MINGLE SCHOOL OF REAL ESTATE

P.O. Box 35511
Charlotte, NC 28235 (704)372-2984

Is This A Commercial Appraisal? (4/4)

NC RE Appr Act & Appraisal Board Rules (4/4)

Role of the Supervisory Appraiser (4/4)

MOULTRIE B. WATTS

P.O. Box 447
Cary, NC 27512 (919)851-2100

Appraisal 2004 (7/7)

Manufactured Homes (7/7)

National USPAP Update (7/7)

NAIFA

7501 Murdoch Avenue
St. Louis, MO 63119 (314)781-6688

1031 Like Kind Exchange (4/4)

11.8 Calculating Gross Living Area Using (7/7)

2.0 Financial Analysis Inc Property (15/15)

4.0 Marshall & Swift Valuation Guides (15/15)

4.1 Marshall & Swift Residential Cost M (8/8)

5.0A National USPAP Update (7/7)

Analyzing & Handling Litigation (4/4)

Appraisal of Foreclosure (4/4)

Blue Print Reading Seminar (4/4)

Bridging the Gap Between Lend & (4/4)

Calc Gross Living Area Using ANSI (4/4)

Commercial Report Writing (15/15)

Dfndng, Dcmntng & Spprtn (4/4)

Environmental Concerns Seminar (4/4)

Ethics (4/4)

Fannie Mae Update (4/4)

Fannie Mae Updated Prop & A (8/8)

Formfilling Essentials (7/7)

Fraud, Flip and the FBI (4/4)

Historic Appraising (8/8)

HUD Review Update (4/4)

Internet & Appraisal Practice Seminar (4/4)

Intro to Automated Valuation Model Tech Seminar (4/4)

Lead-Based Paint & Mold: H (4/4)

Mobile/Manufactured Home Re (8/8)

Paperless Office Technique (7/7)

Practical Office for Pro Ap (4/4)

Preparing Your Listing for FHA (4/4)

Reading Financial Statements (4/4)

Relocation Seminar (4/4)

Reo/Fannie Mae Appraisals (4/4)

Scope of Work (8/8)

Understanding Legal Des (4/4)

Valuing Undivided Interest (4/4)

NAMA/LINCOLN GRADUATE CENTER

P.O. Box 12528
San Antonio, TX 78212 (800)531-5333

Appr Liability-Knowledge to Mnmz (8/8)

Appraiser Liability (15/15)

Environmental Site Assessment (15/15)

HUD Appraisal Standards Update (7/7)

Manufactured Housing Appraisal (15/15)

Principles of Property Inspection (20/20)

Principles of Appraisal Review (15/15)

Real Estate Environmental Screening (7/7)

Residential Cost Approach-Marshall & Swift (15/15)

Residential Environmental Screening (7/7)

Residential Appraisal Review (7/7)

USPAP Update (7/7)

NC RE EDUCATION FOUNDATION (NCAR)

4511 Weybridge Lane
Greensboro, NC 27407 (800)443-9956

Appraising a Single-Unit Condo (7/7)

Fundamentals of HP-12C in Appraisal Work (7/7)

Income Capitalization for Small Com Props (7/7)

Land Use Regs Effect on Market Value (7/7)

Legal Issues in Real Estate (7/7)

Residential Construction (7/7)

Residential Real Estate as an Investment (7/7)

Tax Planning for the Real Estate Agent (7/7)

USPAP (7/7)

NCDOT

1605 Westbrook Plaza Drive, Suite 301
Winston-Salem, NC 27103 (336)760-1925

Appr Board Speaks to You/Ct Rm Eti (7/7)

Appraisal of Residue & Special Use Properties (7/7)

National USPAP Update (7/7)

NC Rules & Regulations - USPAP Update/Avd Ltg (7/7)

Revisiting the Cost Approach & Recurring Errors (7/7)

Sales Comp Grid/Appro of Trans (7/7)

NCSU FORESTRY ED OUTREACH PROGRAM

Campus Box 8003
Raleigh, NC 27695 (919)515-3184

Accurate Forest Inventory (16/16)

Applied Intermediate GIS - Foresters (15/15)

Conservation Design: Grener Comm (14/7)

Dlntn of Pdmnt & Cstl Pln Jrsd (30/30)

Introduction to Applied GIS - Foresters (15/15)

Introduction to Applied GPS - Foresters (13/13)

NCSU SOIL SCIENCE DEPT

Campus Box 7619
Raleigh, NC 27695 (919)513-1678

Basics of On-Site Sewage (7/7)

Getting The Dirt on Soils (7/7)

On-Site System Tech Refresh (7/7)

Septic System Options for Diff (14/14)

Wastewater in the Environment (7/7)

Wells & Septic Systems (4/4)

REALETECH.COM

4819 Drummond Drive
Wilmington, NC 28409 (910)352-9693

National USPAP Update (7/7)

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Appraisal Process and Val of Residential Prop (4/4)

National USPAP Update (7/7)

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Disciplinary Actions

The following is a summary of recent disciplinary actions taken by the Appraisal Board. This is only a summary; for brevity, some of the facts and conclusions may have not been included. Because these are summaries only, and because each case is unique, these summaries should not be relied on as precedent as to how similar cases may be handled.

Amanda V. Eick (Raleigh)—The Board, after a hearing on the merits of the case, revoked the license of Amanda V. Eick after finding her guilty of violating the Ethics Rule, the Competency Rule and numerous provisions of USPAP in her issuance of appraisal reports for 7 different properties. At the time of the hearing, Ms. Eick was a state-certified residential appraiser, holding certificate number A 4869. The Board found that Ms. Eick made substantial errors of omission and commission, all of which tended to result in an inflated market value to meet predetermined values established in sales contracts and appraisal orders. In so doing, she knowingly selected comparables from superior locations, inaccurately reported the sales and marketing history of some comparables, inaccurately reported the distance of some comparables from the subject property, ignored real estate tax and MLS information which was in her workfiles, and mis-identified some property owners despite having documents in her file which identified the true owner, all of which resulted in a misleading appraisal. The Board further found that Ms. Eick failed to complete the research and analysis necessary to produce a credible appraisal and failed to take reasonable measures to resolve obvious inconsistencies between the information provided to her by the client and more reliable information such as tax records and MLS information. Most of the properties were involved in flip transactions, with Ms. Eick's appraisal being used for the second transfer of the properties in each transaction.

Lorraine M. Breidenstein (Wilmington)—The Board, after a hearing on the merits, suspended the license of Lorraine M. Breidenstein for one year. Ms. Breidenstein's suspension was to be active for the entire period unless she successfully completed the 15-hour USPAP course, a course in market extraction and appraiser liability. Her suspension was set to last for a minimum of four months or until she completed the coursework, which ever occurred later in time. The suspension began on December 1, 2003. At the time of the hearing, Ms. Breidenstein was a state-certified residential real estate appraiser, holding certification number A4387. Ms. Breidenstein received an appraisal order for property located in Wilmington, NC. The order identified

the estimated sales price as \$210,000 and advised Ms. Breidenstein to stop and call the client if she was not going to get \$210,000. Ms. Breidenstein appraised the property at a value of \$210,000. Ms. Breidenstein selected three "comparable sales", all of which were superior to the subject property in location and/or construction. She failed to make appropriate adjustments to the sales for the superior features. She made other adjustments to the comparable sales which were not supported by data or other documentation in her work file. All adjustments made resulted in an increase in the appraisal value of the subject property. At the time of the appraisal, Ms. Breidenstein lacked the necessary geographical and market competence to issue a credible appraisal for the subject property. Data for sales which more closely matched the subject property was available. The Board found that Ms. Breidenstein's appraisal report was misleading and was not credible.

Johnny E. Heffner, Sr. (Hickory)—The Board, after a hearing on the merits, suspended the license of Johnny E. Heffner, Sr., certificate number A964, for a period of two years, beginning August 10, 2003. The matter came to a hearing as the result of Mr. Heffner violating the terms of a consent order which he had previously entered into with the Board. That consent order provided that his license was suspended for a period of two years, beginning June 1, 2003. The consent order further provided that only the first year of the suspension would be active if Mr. Heffner took the R-3 and 15-hour National USPAP course by April 30, 2004. The Board approved the consent order and Mr. Heffner was notified of the Board's approval. During early September 2003, the Board learned that Mr. Heffner had performed appraisals after his license was suspended. When contacted, Mr. Heffner contended that he did not understand the terms of the consent order and that, upon learning that his license was suspended, he ceased performing appraisals. Mr. Heffner admitted having performed approximately 80 appraisals during the time in question. After finding Mr. Heffner guilty of violating the consent order and of issuing appraisals during a time that he was not licensed to do so, the Board suspended his license for a two-year period beginning August 10, 2003 and continuing until

and through August 11, 2005. At the end of that period, Mr. Heffner shall be eligible to receive his license provided that he has met the continuing education requirements during the two-year period.

John L. Boggess (Matthews)—By consent, the Board reprimanded John L. Boggess, certificate number A1333. Mr. Boggess further agreed to satisfactorily complete the 15-hour National USPAP course and a course in inspection or measurement of properties by April 1, 2004. A one-month active suspension would be effective as of April 1, 2004 if he failed to complete the required coursework. Mr. Boggess received a verbal request for an appraisal. On his order form, he wrote that the property was a modular home of approximately 2000 square feet, that the appraisal was for a resale of foreclosed property and that the comparables were to be within 2 miles of the subject. Mr. Boggess performed an appraisal which valued the property at \$139,000. He indicated in his report that the GLA of the subject property was 2,128 square feet. The MLS for an earlier sale showed a GLA of 1,839 square feet. The actual GLA was 1,831 square feet. Mr. Boggess selected his comparables and made adjustments based on his inaccurate measurement of the GLA. Mr. Boggess' measurement exceeded the actual GLA by 297 square feet, significantly affecting his value of the property and resulting in a misleading appraisal.

Scott F. Sitter (Fort Worth, Texas)—By consent, the Board reprimanded Scott F. Sitter, certificate number A4672, for violations in an appraisal report which he performed on a property in Charlotte, NC. Mr. Sitter inaccurately reported the size of the lot. The county line divided the property such that .35 acres of the property was located in one county with the remaining approximate .1 acre located in the neighboring county. Mr. Sitter did not check the tax records in both counties, resulting in an understatement of the size of the lot. Mr. Sitter made a \$60,000 adjustment to reflect upgrades to the subject property but did not have any information in his work file to support the adjustment. Mr. Sitter overstated the GLA by approximately 270 square feet. Mr. Sitter's errors resulted in a misleading appraisal.

(continued on page 6)

Disciplinary Actions

(continued from page 5)

Thomas G. Hildebrandt, Jr. (Greensboro)—By consent, the Board suspended Mr. Hildebrandt's license number A1563 for a period of sixty (60) days. The Board further agreed that the suspension would be stayed because Mr. Hildebrandt had completed coursework in report writing since the issuance of the Board's final agency decision in February 2003. In November 1999, Mr. Hildebrandt prepared an appraisal for use in a condemnation lawsuit in Guilford County. The Board contended that Mr. Hildebrandt improperly developed his appraisal and also failed to write a sufficiently detailed appraisal report. The case was originally heard by an Administrative Law Judge, who recommended that all charges be dismissed. However, the Board rejected the judge's recommendation and found Mr. Hildebrandt in violation of numerous provisions of USPAP

Standards I and II. Mr. Hildebrandt appealed the Board's decision to the Guilford County Superior Court, alleging that the evidence of record did not support the Board's findings and that the Board violated his due process rights by conducting a biased investigation and by allowing a biased Board member to participate in the final agency decision. As a part of the resolution of this matter, Mr. Hildebrandt, while formally denying any violation of USPAP Standards I and II, did not resist the entry of a finding that he failed to fully state all extraordinary assumptions in his appraisal report. For its part, the Board, while formally denying any deficiency in the record or any violation of Mr. Hildebrandt's due process rights, agreed to review, and if appropriate, clarify its investigatory and prosecutorial practices. □

NOTICE

The Board makes every effort to publish disciplinary actions correctly and factually. Due to many appraisers having the same name, the town/city of residence is published beside the name of those receiving disciplinary actions to help protect those with the same name but **not** a party to the action. The last issue of this report omitted the geographic location of those being disciplined, and the Board regrets this unintentional error. □

Clarification

This is to clarify that **Mr. Gerald G. Wright** of **Raeford**, North Carolina (Appraiser number A555) has **no** disciplinary actions on his record.

Approved Continuing Education Courses

(continued from page 4)

SURRY CC
P.O. Box 304
Dobson, NC 27017 (910)386-8121

Fannie Mae Updated Prop & App (8/8)
Home Inspections & Common De (4/4)
Is the Comparable Comparable (8/8)
Mobile Mfg Homes & Types of M (4/4)
National USPAP Update (7/7)
Reviewing a Residential Appraisal (8/8)
Testing Highest & Best Use (8/8)

T H HUNTER & ASSOCIATES, INC.
1908 Sterling Road
Charlotte, NC 28209 (704)372-5855

Appraiser as an Expert Witness (7/7)
Intro to Res RE Investment (7/7)
Land, Res & Com Investment St (7/7)
Understanding Appraiser Liability (7/7)

TRIANGLE APPRAISAL & REAL ESTATE SCHOOL
4024 Barrett Drive #204
Raleigh, NC 27609 (919)782-2084

Manufactured Home Construction (7/7)
National USPAP Update (7/7)
North Carolina Rules (7/7)

WENDELL HAHN & ASSOCIATES
P.O. Box 245
Columbia, SC 29250 (803)779-4721

FHA Guidelines 2001 (7/7)
New for 2002 (7/7)
Nuts & Bolts (7/7)
The Modern Appraisal Office - Part I (7/7)
The Modern Appraisal Office - Part II (7/7)
USPAP 2001 (14/14)

WESTERN PIEDMOND COMMUNITY COLLEGE
1001 Burkemont Avenue
Morganton, NC 28655 (828)438-6104

Appraising Manufactured, Modular & Mobile (14/14)
Income Capitalization (A) (7/7)
Income Capitalization (B) (7/7)
Maximizing Value (4/4)
Manufactured, Modular & Mobile (7/7)
National USPAP Update Course (7/7)
Pricing Complex Properties (4/4)
USPAP & NC Rules and Regulations for App (15/15)

WILLIAM H. SHARP & ASSOCIATES
1459 Pineview Circle
Douglasville, GA 30134 (678)838-2949

Housework Homework Check List (14/14)
Basics of On-Site Sewage (7/7)
Getting the Dirt on Soils (7/7)

Employee Retirements

Deputy Director, **John K. Weaver**, retired on December 31, 2003 after over six years of dedicated service to the Board. Appraiser Secretary **Lynn Crawford** retired on March 31, 2004 after over ten years of dedicated service. Both of these employees will be greatly missed by the Board and staff, and we wish them many happy years of retirement. □

Employment Opportunity

Investigator position remains open. Contact Board office for details. □

Renewal Reminder

The Board will mail renewal notices to all current licensees in early May. Your renewal form and fee must be received by June 30, 2004 in order for staff to process your renewal and return your 2004-2005 pocket card. Licensees do not need continuing education to renew their registration, license or certificate this June.

The two-year continuing education cycle runs from July 1, 2003 through June 30, 2005. As a reminder, licensees will be required to have 28 hours of continuing education, 7 of the 28 hours must be the National USPAP course, in order to renew their registration, license or certificate next year, June 2005. □

Electronic Transmission of Appraisal Reports

This type of delivery is becoming more popular and we are receiving more questions concerning an appraiser's obligations to meet confidentiality in the electronic transmission of an appraisal report. The obligations and requirements are the same no matter how a report is communicated. USPAP does not specifically address electronic transmission or whether an appraiser uses the mail or private courier in the delivery of an appraisal report. The appraiser and client should be in agreement as to the method of delivery and all items addressed in the Ethics Rule concerning communicating a report are requirements the appraiser must follow. When the appraiser and client agree on the type of electronic transmission and the client allows a third party to glean information or the client forwards the report to a third party, this is beyond the control of the appraiser. The appraiser is obligated to use a type of transmission, in agreement with the client, known in the industry for secure transmissions of data to protect the confidential nature of the appraiser-client relationship. This is no different than selecting a reputable courier if this is the method of delivery the appraiser and client have agreed for the delivery of an assignment. Board rules require that the electronic seal be approved and secured. It is strongly recommended that the electronic signature and report be secure and protected. Only authorized persons should be able to generate the seal, signature and make changes to a report. □

2004 Changes to the Uniform Standards of Professional Appraisal Practice

Section	Line(s)	Description
Cover	N/A	Title language identifies content as USPAP and Advisory Opinions.
DEFINITIONS	N/A	Two definitions, <i>investment analysis</i> and <i>market analysis</i> , were deleted.
DEFINITIONS	56-57	The definition of <i>bias</i> was edited to expand the coverage of the term.
PREAMBLE	187-234	The PREAMBLE was revised to enhance its clarity and organization.
ETHICS RULE <u>Management</u>	286-287	The <u>Management</u> section of the ETHICS RULE was edited to enhance its clarity.
ETHICS RULE <u>Record Keeping</u>	325-338	The <u>Record Keeping</u> section of the ETHICS RULE was edited to clarify the intent and responsibility of appraisers regarding record retention relative to judicial proceedings. An edit was also made to clarify the need for appraisers to have appropriate custody or access to their workfile.
ETHICS RULE <u>Record Keeping</u>	359-361	Language in SR 2-2(c)(ix), 8-2(c)(ix) & 10-2(b)(ix) concerning a workfile requirement for a Restricted Use Appraisal Report was added (repeated) in the <u>Record Keeping</u> section of the ETHICS RULE for consistency.
SR 2-2(c)(ix) & 8-2(c)(ix)	N/A	Language was removed that indicated the review of a Restricted Use Appraisal Report in compliance with STANDARD 3 is not possible without the reviewer having the benefit of the information retained in the workfile.
SR 10-2(a)(vii) & 10-3	2821-2824, 2936	Edits were made regarding the appraiser's certification and disclosure of the nature of professional assistance to make them more consistent with parallel Standards Rules.
Advisory Opinion 10	N/A	AO-10 titled "The Appraiser-Client Relationship" was retired. Many of the issues addressed in this Advisory Opinion have been incorporated into the new Advisory Opinions 25, 26, and 27.
Advisory Opinion 24	N/A	New AO-24 "Normal Course of Business"—This is a new Advisory Opinion addressing the concept of "Normal Course of Business" applicable in Standards Rules 1-5 and 7-5.
Advisory Opinion 25	N/A	New AO-25 "Clarification of the Client in a Federally Related Transaction"—This new Advisory Opinion addresses whether an appraiser has an obligation to ensure that his or her services are directly engaged by a federally insured depository institution.
Advisory Opinion 26	N/A	New AO-26 "Readdressing (Transferring) a Report to Another Party"—This new Advisory Opinion addresses the practice of altering a report to indicate that a new recipient is the client when it was originally completed for another party.
Advisory Opinion 27	N/A	New AO-27 "Appraising the Same Property for a New Client"—This new Advisory Opinion addresses the situation in which an appraiser has previously appraised a property and is requested by a different party to appraise the same property.
GLOSSARY	N/A	The GLOSSARY was removed from the USPAP publication.

NOTE: Administrative edits were made to appropriate sections of the document to improve consistency.

Readdressing/Transferring Appraisal Reports

The 2004 edition of USPAP has a new Advisory Opinion 26 (AO-26) which addresses this issue. The advice and information in this opinion differs from advice previously published by the Board on this issue. Information in AO-26 is adopted and should be followed when readdressing or transferring appraisal reports. The following information is taken from the 2004 edition of USPAP, however, the reader is advised to refer to and read the entire AO-26.

After an assignment has been completed and the report has been delivered, an appraiser may be asked to "readdress" (transfer) the report to another party. Does USPAP allow an appraiser to "readdress (transfer) a report by altering it to indicate a new recipient

as the client or additional intended user when the original report was completed for another party? No. Once a report has been prepared for a named client(s) and any other identified intended users and for an identified intended use, the appraiser cannot "readdress" (transfer) the report to another party.

Illustrations:

Question #1: An appraiser was engaged by Client A to appraise a property. The appraiser delivered the appraisal report to Client A. The client has decided not to pursue the transaction that generated the need for the appraisal report. The appraiser is contacted by Client B. Client B requests that the original report be readdressed (transferred) by replacing Client A's name with Client B's name in the report. Is this acceptable?

Answer: No. Simply changing the client name on the report cannot change or replace the original appraiser-client relationship that was established with Client A. Therefore, this action is misleading.

Question #2: How can this circumstance be handled according to Standards?

Answer: The appraiser can consider Client B's request as a new assignment. In so doing, the appraiser may establish a new appraiser-client relationship with Client B and appraise the property for this new client. Important considerations, i.e., confidential information and other factors are further addressed in AO-27—"Appraising the Same Property for a New Client". □

Appraising the Same Property for a New Client

The 2004 edition of USPAP has a new Advisory Opinion 27 (AO-27) which addresses this issue. The following information is taken from the 2004 edition of USPAP, however, the reader is advised to refer to and read the entire AO-27.

Situations often arise in which appraisers who have previously appraised a property are asked by a different party to appraise the same property. In some instances this request arises very soon after the first appraisal; in others, it may be months or years later. Under what circumstances can an appraiser accept an assignment to appraise a property for a prospective client when that appraiser has previously completed an appraisal of the same property for another client?

Accepting the assignment from the second potential client is not prohibited by USPAP, assuming any existing confidential information is handled properly. Several parts of the Confidentiality section of the ETHICS RULE are pertinent to this matter.

An appraiser must not disclose . . . assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client . . .

An appraiser cannot disclose the results of a particular assignment, performed for a particular

client, to anyone other than those designated by that client. However, an understanding of the definitions of assignment, assignment results, and client are key to a complete understanding of this requirement.

Assignment—a valuation service provided as a consequence of an agreement between an appraiser and a client

Client—the party or parties who engage an appraiser (by employment or contract) in a specific assignment

Assignment Results—an appraiser's opinions and conclusions developed specific to an assignment

As can be seen in the definitions, both the client and the assignment results are specific to an assignment. If there is a new potential client, valuation services performed for that new client would constitute a new assignment and the assignment results would be specific to that new assignment. Therefore, acceptance and performance of the new assignment to appraise the same property would not be considered revealing the first client's assignment results to the second client, even if the value conclusions were the same. It should be noted that the value conclusion could easily be different if the effective date or the scope of work changed in any manner. It should also be noted that USPAP requires the apprais-

er to provide an unbiased opinion of value to each client.

Obtaining a Release:

As a matter of business practice, some appraisers request a release from a prior client before accepting an assignment to appraise the same property for a new client or to disclose the assignment for the second client to the first client. However, USPAP does not require this. Also, appraisers should be aware that, in some cases, informing a client about the existence of another client and the fact that the property was appraised for that other client may not be compliant with the portion of the Confidentiality section of the ETHICS RULE, which states: An appraiser must protect the confidential nature of the appraiser-client relationship.

Illustration:

If an appraiser has appraised a property for Bank A and then is approached by Bank B to appraise the same property, does USPAP prohibit acceptance of the second assignment? No, assuming confidential information is handled correctly. This constitutes a second assignment, a new client and a new agreement between a client and an appraiser. □

Fees for Appraisal Assignments

We receive many questions concerning what is permissible and prohibited concerning fees charged for providing appraisal assignments. The Management section of the Ethics Rule addresses fees and the reader is advised to read and study the entire contents of this section and also the comments under this section. The Management section states that the payment of undisclosed fees, commissions, or things of value in connection with the procurement of an assignment is unethical. It further states that it is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for an assignment, that is contingent on any of the following: 1. the reporting of a predeter-

mined result; 2. a direction in assignment results that favors the cause of the client; 3. the amount of a value opinion; 4. the attainment of a stipulated result; 5. the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose. The Management section concludes by stating that advertising for or soliciting assignments in a manner that is false, misleading, or exaggerated is unethical. Questions concerning may I charge different fees for the same type of report to different clients or may I charge a reduced fee to appraise the same property for a second client under a new assignment are typical business decisions. USPAP does not address

the amount of a fee as long as the fee arrangement complies with the Management section of the Ethics Rule. Questions concerning may I charge a reduced fee if the loan does not close or may my fee be based on a percentage of the appraisal value are not ethical and in violation of the Ethics Rule. Questions concerning may I pay a fee to be on an approved list of appraisers or to obtain an assignment are permitted and ethical provided proper disclosure of the payment is made in the appraisal report. All situations cannot be addressed but always read and study the Management section of the Ethics Rule when issues arise concerning proper and ethical handling of a fee. □

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